The Social Problem Solved, without Either Socialism or Capitalism

THE COMING GOLDEN AGE

AN OUTGROWTH OF REMEDYING RATHER THAN ABANDONING OUR INDUSTRIAL SYSTEM

BY

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DEDICATED

TO THE

HARMONIOUS ALIGNMENT OF MAN WITH MAN,
AND NATION WITH NATION, IN ALL
THE AFFAIRS OF LIFE.

So that the Honorable Ambitions of every Nation and of every Individual may be Fulfilled; and that those that are Dishonorable may be held in check.

So that the reign of *Economic*, as well as of Physical Might, may become a thing of the Past, along with the Rule of Privileged Classes.

So that the Pride of the World may be as much in Moral as in Material Progress; and that Greater Justice *Lead* its Flags and Less Bloodshed Follow them.

PREFACE

The Coming Golden Age presents no *arbitrary* or Socialist Utopia; nor is the title it bears a mere phrase to gild a milk-and-water gospel of goody goodyness. It purports to be *literally* just what its title implies.

Monetarism, our present industrial system, is an automatic *exchange process*, whose use of money *unites* into co-operation all the labor of the civlized world, whether applied individually or in co-ordinated groups working in shops, factories or other industrial enterprises.

Wonderful and prodigious as are the achievements of this exchange process, it is nevertheless exposed to *one grave defect*, which is herein clearly pointed out, and to which are traceable nearly all the industrial ills and disturbances by which the world from the earliest days has been afflicted—disturbances from industrial crises to riots, revolutions and murderous wars; from chronic mistrust and abnormal antagonism to corruption and depravity in a thousand forms.

The defect in question—*a shamefully negli-*

gent regulation of the monetary circulation—needs but correction, quickly to remove all these symptoms of fundamental abnormalism. The correction of this defect would establish *harmonious* relations both between man and man and between nation and nation, supplying the foundation for an enduring and *honorable* peace between the nations, resting on a *minimum* use of force.

The State would merely institute those changes needed to enforce a *normal* circulation of money and a *normal* use of wealth; and the people would do the rest, in the ordinary way of evolution. In every vocation, great changes would be made by its own members, readjusting their affairs to suit the trend to normal conditions that would follow. It would incur no hardship, being like a removal from cramped to commodious quarters.

In the new philosophy of economics evolved, discussion of matters of mere academic importance has been avoided, as also digressions not pertinent to the main issue—thereby bringing into closer connection the interrelated questions at issue, and making the whole more easily understood.

THE AUTHOR.

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PART ONE

UNRECIPROCAL MONETARISM

OUR PRESENT INDUSTRIAL SYSTEM

CHAPTER I

The Mightiest of Revolutions

Romance contains no stranger or more startling tale than that revealing the manner in which capital originated and acquired its power to command interest.

The story of Capitalism begins in the remote era when money first came into use as an intermediary of exchange, completely revolutionizing the industrial system of those days. It introduced new features of the most shocking and terrible character, as well as a marvelous enhancement of man's material welfare.

Prior to this period, men had traded productions with each other *without the intervention of money.* A wolf pelt would be given for a clay pot; a sheep for a piece of cloth; a mess of fish for a measure of olives; and so on—each such deal forming a *completed* exchange. This mode of dealing was known as barter; and the system will hereafter be alluded to as Barterism.

Barterism was a one-step exchange; while Monetarism, which superseded it, was a two-step process, *exposed to great abuse.*

What the abuse was, I will proceed to explain. Under Monetarism, a man was presumed to sell his *own* productions for money, and to use the money in buying the productions of *his fellow toilers*—a variety of commodities comprising his subsistence. Unfortunately, men would not always *buy* the productions of their fellow men, *after having sold their own.* Quite a number preferred to *hoard* the bulk of the money they acquired, *making the acquisition of money hoards the main object and goal of their efforts.*

The hoarders literally refused to take the *second* step in the exchange process, therein to a large extent *repudiating* the reciprocal purchase of other people's productions, after others had bought *their* productions.

In their great zeal to amass money hoards, the practice appeared to them *perfectly harmless;* though, as we shall soon see, it became a terrible scourge to mankind.

THE CORNER ON MONEY

In their mania to amass money hoards, so many persons engaged in the practice, and so persistently and on so large a scale did they operate, that—*without any collusion*, or any evil intent—merely impelled by common cupidity—they had evolved A GIGANTIC CORNER ON MONEY, accompanied with a proportionally extensive MONEY FAMINE among the remaining people. This remarkable corner on money, together with its inseparable accompaniment of money famine, have ever since been the *chronic* state of industry.

To persons unskilled in the wiles and arts of salesmanship, or who labored under any other disadvantage in the disposal of their productions, it became almost impossible to realize on them, owing to the extent to which hoarders were *repudiating* the reciprocal purchase of other people's productions—in effect constituting a great non-collusive *boycott* imposed on them.

It was a *non-collusive* boycott, creating a non-collusive *monopoly of money*, on one side; and a *moneyless* body of people on the other, who were left in great distress.

While in this extraordinary plight, the boycotted and moneyless masses had recourse to what was then a new expedient. They spied out every man in possession of a *loanable* surplusage of money and went on their knees to him, praying for loans of money. In order to assure the return of the money, they pledged their belongings, each according to what he had; and driven by competition, they went further in pledging the payment of *an additional sum*, or *bonus*, gauged according to the amount of the loans and the time for which they were allowed.

These bonuses afterwards became known as INTEREST, while the *loanable* surplus money of the hoarders became known as CAPITAL.

Such was the first stage of CAPITALISM, or *non-collusive* monopoly.

As a later development, thousands who had pledged their belongings, and even their homes, as security for the return of borrowed money, and who, through the fickleness of the new exchange process, had been unable to repay them, forfeited their possessions and became industrial outcasts: tenants, hirelings, bondsmen, vagabonds, and also criminals and de-

praved wretches dispossessed of every human attribute.

With the masses fairly dispossessed, the effect of continued hoarding and enlarging of hoards by the capitalist class was to keep capitalists, as a body, *permanently entrenched as a possessing class;* and the masses, as a body, *permanently dispossessed.*

Capitalists would not *consume* their principal—rather constantly *adding to it,* by evading consumption of more than a mere fraction of the income it yielded.

Whether stationary or circulating, passive or active, capital was always an *economic hoard,* withheld from normal use, and impeding the movements of industry, until brought into action by concession of its invariable demand for interest profits, which is the portion of commercial profits representing interest on capital. Constantly vacillating between its passive part in *impeding* the movements of industry and its active part in *serving for the toll of interest profits,* there was always in force a *partial* boycott of industry, as a result of which it was enabled to enforce its unjust exactions.

The entire body of capital represents *an*

unpaid debt of reciprocal buying still due the masses, and one that honor must recognize and repay. Its vast *non-collusive* boycott and monopoly cannot forever remain licensed under a law that makes of *collusive* boycott and of *collusive* monopoly a penal offense.

Failing to enforce reciprocal buying, our crude Monetarism turned society into *a divided house*, full of antagonism and strife, of deceit and violence, with one body of men preying upon the other—a madhouse full of delusion and monstrosity.

The revolution it wrought was more momentous and terrible than any event in the annals of history.

Under Barterism, each householder was *owner* of his own life equipment—the family home, the work outfit of his particular vocation, and all the materials and supplies accompanying them. He was *his own master*—neither tenant, hireling nor outcast.

It was manifestly due to the fickleness of unbridled Monetarism that the masses were everywhere tricked out of their possessions and left an outcast body, by whom the mere

chance to work as wage slaves, for a trivial fraction of the fruit of their toil, was regarded as a boon. If not reduced to chattel slavery, their liberty was at best a beggar's freedom.

In the desperate straits of their position under Monetarism, large numbers of toilers, like drowning men grasping at straws, voluntarily entered into bondage as serfs and slaves, preferring the security of its shackles to the gnawing worries of uncertainty. The repudiation of reciprocal buying probably drove more toilers into bondage than were ever enslaved through the brutal conquests of war.

But that the Roman Empire supplied her outcast "freemen" with gratuitous corn, few of them would long have retained the ruinous liberty they enjoyed—supported in idleness; nor but that the Empire was surfeited with slaves, brought in from all sides as the prey of her conquests, or purchased with the money paid her in tributes, would the supply of gratuitous corn have long continued.

Capitalism draws no line between man and beast. It makes income-yielding property of both; and where it allows men freedom, it is only because slave labor is less profitable. If the free toiler fares better than the slave,

it is only because, faring better, he produces more and yields a larger revenue. In no form of bondage, whether in wage slavery, bound class to class, or in either serfdom or chattel slavery, does the toiler evade the scourge of the master's domination and his predatory grip.

The acquisition of more lands, slaves, and other sources of parasitic income was the leading motive of ancient wars, however veiled behind political and religious pretexts. It was to increase the volume of their income-yielding properties; and though practiced in subtler form, and veiled under other pretexts, the same dominating motive underlies modern wars.

Even the acquisition of wives under Mohamedan polygamy, and the social evil under Christian monogamy, are distinct symptoms or manifestations of Capitalism; as are most of the corruption and depravity characterizing our abnormal state of society.

It is true that its cumbrous and costly *direct* exchanges seriously impaired the efficiency of Barterism; but not the integrity of its alignment of man to man. It was an *honest* system, trading product for product. It lured no man into a trade of *properties* for other men's prod-

ucts, leaving him destitute, as in his savage state. Its *moral* standard was not abominable, even if its *material* standard was deficient. It did not strip the multitudes and leave them on the level of the ox and the ass. The *freedom* of their industrial status was left undisturbed and unviolated. The charm of the Golden Age in which they dwelt was an Eden undefiled.

To have been reciprocal, Monetarism would not have required that each man buy of his neighbor as much as his neighbor buys of him, as under Barterism; but that each buys of *all others, collectively*, as much as *all others, collectively*, buy of him.

In the process of industrial co-operation through which men aim to acquire their subsistence, there is developed no normal call for either labor or products of labor, save *in proportion to the demand there is for subsistence.* It is only as one buying the *varied* products of *other* men, that comprise his subsistence, and *in proportion* as he buys these products, that a man *justifies* his participation in the co-operation of industry—the sale of his labor

or productions. If he sell *in excess of his demand for subsistence products*, he is *displacing* others, and thereby causing their *impoverishment*, their *dispossession* and their *industrial subjugation*. He is manifestly *an intruder* in the realm of industry—*an invading conqueror*.

Dazzled by the rapid accumulation of wealth under the superior productive efficiency of Monetarism, the insidious *substitution of industrial bondage*, as Monetarism advanced, went unobserved. It was with golden shears that the Delilah of Monetarism clipped the locks of the toiling Samsom and deprived this giant of his liberty and his strength.

From the ordinary, *commercial* viewpoint, capital seems to render a valuable service, the price of which is interest; but seen in its true light, from the *economic* viewpoint, *connected with the hoarding in which its power originates*, it is impossible to resist the conviction that the charge of interest is an extortion and an intolerable abuse, crying for remedy.

Of what good is the larger bread loaf of Monetarism, if bitter with the poison of a

detestable and degrading bondage? Is its superior productive efficiency a fair offset to the moral degeneracy witnessed in the mad vanities and luxurious idleness of the rich, and the vices into which the despairing and abused multitudes are steeped? Is there in its abnormal and antagonistic array of man against man and nation against nation, a token voicing in it more of civilization than of barbarism, or more of humanity than of savagery?

Of what good are the palaces of the Morgans and the Rockefellers, while the toiling millions are ground in the dust, despoiled, and living from hand to mouth, on the verge of starvation? Of what good is all this smiling glitter, while our masses are doomed, as outcasts, to choose between winning their bread through chicanery and crime or the dire alternative of bowing under the yoke of tributary dominion? Of what good is

> This grandeur from the lust of gain,
> That leaves its countless victims slain
> In dingy garrets, grim and bare,
> In battle's furious flame and flare,
> In every age, on every side,
> In all dominions, far and wide?

THE FUNDAMENTAL BLUNDER

It seems strange that Monetarism, as our industrial system, should never have received distinct recognition; nor Capitalism, as a *separate* system parasitically attached to it.

Economists, including Karl Marx, the great opponent of Capitalism, seem uniformly to have regarded Capitalism and our industrial system as one and the same.

This may probably be attributed to the fact that they had accepted as an exchange system a mere mass of indiscriminate buying and selling, without questioning the character of the resulting exchanges.

In a similarly negligent manner, did they accept as a standard of possessions for civilized man, the nakedness of savage squalor. Nor did they recognize man's normal right to *freely* participate in the co-operation of industry. Stripped of his possessions, a man might be *excluded* from participation in industry till he perished with starvation, with no prospect of relief aside from what charity or chance might offer.

Nothing could be more fatuous than the

attitude of economists to the exchange process, which they accept as *self-reciprocal.* Because of the fact that what one person *buys* another *sells,* they hastily assume that all trade must be self-reciprocal, or perfectly balanced. That buyer and seller were two *different* persons, and that one might be led to buying till he had *exhausted* all his resources, while another sold till he had *accumulated a proportional excess,* seems never to have occurred to them; or that one might have been selling his *services* or *the product of his services,* while the other was compelled to sell his *life equipment, which should have been an inalienable possession,* and *the lack of which made him a tributary dependent.*

An important sophistry supporting their delusion that trade is self-reciprocal is the belief common among them that *money is a commodity.* Money being the *intermediary* of exchanges, and commodities being the *objects* to be exchanged, will any political economist please explain how money can *simultaneously* serve in both of these contrary positions? Yet, if it cannot perform this impossible task, how can money ever be a commodity? As well claim that the *middle* of a line is *at its opposite ends,*

or that the *center* of a circle is *on its circumference.* To be given the form of a commodity does not impart to money the *function* of one.

As an illustration of the hold these sophistries have had on economists, no less an authority than John Stuart Mill declares that "There can never, it is said, be a want of buyers for all commodities; because whoever offers commodities for sale desires to obtain a commodity in exchange for it, and is therefore a buyer by the mere fact of being a seller. The sellers and the buyers, for all commodities taken together, must, of metaphysical necessity of the case, be an exact equipoise to each other." In a like spirit, he says, "All trade is really barter, money being merely an instrument for exchanging things against one another." Of foreign trade he assures us it is "an actual trucking of one commodity against another."

So thoroughly dominated by this fallacious dogma was Karl Marx as to remark that "In the last decade of the seventeenth century it had already been shown that money is a commodity."

Another prominent economist, J. E. Cairnes,

deliberately affirms that ". . . the essential character of exchange is not altered by the employment of a circulating medium, however the increased complexity of the facts may tend to conceal its nature. . . . It is still an exchange of commodities and services for commodities and services."

CHAPTER II

Money Monopoly

In the eye of the capitalist, nothing appears more objectionable than leaving his money lie idle, or doing nothing.

Yet, considered as a tool of the industrial process, by means of which to effect the reciprocal exchange of services and productions between man and man, idle money is far from being as idle and harmless as would appear.

The capitalist's idle money is engaged in rebellion at the fulfillment of the moral obligation to *reciprocate* the buying of men's services and productions. Jointly with all other similar money, it is exerting a pressure of want and suffering upon the masses, under which they are compelled to submit to its extortionate terms of service—its demand for interest profits.

Idle money is a hand at the throat of industry, helping *busy* money to rifle its pockets. It is just as busy as *busy* money. It keeps countless numbers out of work, busy helping

the capitalist to keep down wages sufficiently to leave him his margin of interest profits.

In reality, the idle man is serving the capitalist as truly as is the man at work. He is the bugaboo that frightens the men at work into submission to the terms of capital. He is the specter that keeps all toilers on the rack of torture in one eternal state of fret and worry. For the man at work is ever on the verge of idleness, and the idle man on the verge of demoralization and degeneracy. It is upon these that the thumbscrews of capital are constantly being turned to enforce submission to its extortionate demands.

We cannot evade the fact that the process of Capitalism is a silent torture rack—a rack invisible, whose operators stretch the more cruelly for being blind to the awful havoc it works.

In the dreadful realm of industrial society, its Shylocks see only the pound of flesh, and not the dripping blood and oozing life of those they practice on.

THE STARVATION MANIA

When the avaricious hoarder starves himself and his family in order to amass an income-yielding fortune, he little thinks of the other men's families whom he also starves, for want of reciprocally buying their products or their labor. The one family has to starve because the other is starved.

The quantity of useful human energies being constantly *repressed* through the licensed repudiation of reciprocal buying is problematical; though its magnitude, if known, would no doubt be amazing. Yet entirely apart from the energies repressed in this manner, there is a *secondary* and *separate* repression to be considered, resulting from the *chronic mistrust* which the repudiation of reciprocal buying breeds.

Dread of being unable to recover in renewed income, the money spent, causes the purse strings of all classes to be kept abnormally tight. This intense and universal *aversion to buying* also clearly accounts for the extreme difficulty everywhere encountered in selling commodities. John starves himself because James will not buy, and James starves himself because John will not buy. Unconsciously they

tie themselves up in a deadlock of mutual starvation, whose most acute form is manifested during the recurrent periods of industrial depression which attend Capitalism.

These industrial crises occur at almost regular intervals, resulting from *cumulative* discrepancies in the exchange process. In periods of relative prosperity all classes endeavor to take advantage of the larger opportunity to save and to amass more or less property as well as income-yielding fortunes. The practice is accompanied with much speculation, stimulated by the fact that property values are a capitalization of income and rise or fall rapidly as prosperity or depression affects their income. The practice, therefore, soon becomes contagious, enlisting so many in it as to finally allow the volume of accumulating capital to outstrip the capacity of trade to support it with the income it demands. It becomes a case of the last pin breaking the camel's back. Property values now cease to rise, beginning to rapidly decline and becoming almost unsalable.

As soon as capitalists (who are in position to be among the first to note the inability of industry to continue its usual support of the increased volume of capital now demanding

income) recognize the state of affairs, they take alarm, withholding their funds from further investment, and realizing on their resources, as far as possible. The more money is withheld, the more eagerly is it sought, and the more tenaciously men hold what they have—causing an impression to go abroad that money has become scarce, or the supply inadequate. The effect is paralyzing to industry and spreads into every household, as a general epidemic of starvation mania.

Trade suddenly slackens; and tradesmen, instead of carrying their usual amount of stock, refrain from further purchases as far as they can, preferring to let their stock of merchandise run down. Each is thinking of his own safety, and ignores the consequences to others. With a greatly shrunken demand for goods in the household, and a still greater shrinkage in the demand proceeding from the merchant, factories are obliged to close or to work a mere fraction of the regular time, swelling the armies of the unemployed and pouring into the land swarms of tramps, beggars and hoboes, whose appearance is like to a pest lighting upon the country.

Bankruptcies, strikes, lockouts, riots, and

revolutionary outbreaks now become the order of the day, while starvation and anarchy become a standing menace.

The reign of industrial chaos often continues for many years, recovery from industrial prostration being slow, and coming only after a great shrinakge in property valuation and a large liquidation of debts and dissipation of capital has ensued.

CHAPTER III

Land Monopoly

Capitalism is a vast *non-collusive* monopoly, founded on the division of mankind into a possessing class and a class who are dispossessed. In all its phases, we see surplusage on one side confronted by famine on the other. The department of land ownership is no exception to this rule.

In granting land titles, as in their issue of money, governments ask no questions as to the economic use made of these forms of alleged wealth. The owner may withhold money from circulation, or land from tillage and residential occupation, as long as he pleases; or he may exact what prices he will for them, or for their use by tenants. His use of these tools and accessories to industrial co-operation may be either productive, or obstructive and predatory; and it is nobody's business.

The land owner, therefore, impelled by the same cupidity that inspires the money monopolist, enforces his uniform demand for *all the*

traffic will bear. Yet he charges no more than the *current interest rate.* This paradoxical feat he performs by constantly *readapting* land valuations so that their net income would be equal to what would be the interest, at the current rate, on the *latest* valuation.

Screwing up his rents and valuations on the basis of *all the traffic will bear,* no improvement in industry or in social conditions is possible but that the land owner quickly takes advantage of it by exacting proportionally higher rents and land prices, arrogating to himself the rights of a side partner in every enterprise and a co-worker in every act of production.

In order to acquire *free* land, or a *free* use of land, one is obliged to accept the doom of ostracism in the wilderness, far from the haunts of men. One must not look to partake of the benefits of industrial co-operation, or of association with his fellow men, unless by concession to the land monopolist of his toll of interest profits.

There is no leveler equal to the capitalist's demand for *all the traffic will bear,* which, in the arena of non-collusive land monopoly, reduces all land tracts to *one common level of desirability.* Let one tract lift up its head above

the rest through the slightest advantage in utility, and at once the advantage is obliterated by proportionally raising both the rental and the sale price of the land.

One can see the effect of this leveling disposition all over the world. Gaze in what direction we will, on whatever continent or in whatever country, we will see population dispersed promiscuously, as if without the slightest rational guidance. Here we see human beings huddled together in frightful congestion, and yonder in hopeless and woeful isolation. Here they are isolated, to grow up in the scant environments of village life; there in swarming masses, immersed in the fetid atmosphere of city slums; here living as squatters in the path of merciless floods, and there exposed to the belching fumes of the death-dealing volcano.

Thus we see the people of this earth dispersed over an area perhaps twenty times as extensive as a rational distribution would require, and yet everyone jostling his neighbor as if this broad earth were really overcrowded. It has actually fastened in many minds the delusion that this earth is overpopulated and that, in self-defense, the birth rate should be reduced.

In our own land, from gulf to lakes, and from Atlantic to Pacific, we have an overwhelming multiplicity of villages, towns and cities threaded over a length of possibly fifty times the mileage of roadways that a normal distribution would require; while the intervening lands are largely uncultivated, or occupied by farms that are both far from each other and from the consumers of their productions.

What vast energies are wasted in conquering these superfluous distances we impose on ourselves! What a tax it puts on every step we take, afoot or by other modes of locomotion! What a superfluity of vehicles it calls for! What a cost in the construction and maintenance of roadways! What loss in time and in the cost of travel by rail as well as in the carriage of freights! What a loss in human lives, and in the mutilation of bodies it incurs! We grumble and grumble, and go on viewing all these inflictions as necessary evils—conditions that must always prevail.

In the development of every village, town and city, we can discern traces of the same evil influence. The village straggles; the town has its scattered suburbs; and the city has its fringe of unsettled tracts, pierced here and

there with half-settled streets, and its congested centers known as slums. How long it is before improvements appear in the outlying districts; and how costly the superfluous street mileage renders them! The whole must be paid for, whether the number of families to benefit by it be few or many, even though only a third or a fifth as many as it might have served. All this applies to the construction and maintenance of sidewalk and street pavements; the piping of streets for gas, water and sewerage; their cleaning, sprinkling and their fire and police protection.

Then, as fast as the town evolutes into the city, and these sparse districts become more settled, up rise the rents, both for residence and business properties—the latter swelling into fabulous dimensions. Everyone knows of the high cost of store rents, which the mercantile class pays and charges up to the public in the prices imposed on their wares. There is no industrial disorder whose burden does not finally fall upon the shoulders of the toiler, heedless of how many of this class are crushed underneath.

It is hard to see what the obstructive tactics

of the money hoarder have done for industry to justify the hoarder's exactions; without his intervention, money had always circulated so that all persons would have had its service *without* price and *without* the repression of so much valuable human energies. The same also applies to the obstructive tactics of the land monopolist. The land would have been there and would have been at the disposal of all who had need of it, *without* suffering the tax of land rents and of the wanton dispersion imposed by the obstructive operations of the land monopolist.

CHAPTER IV

Mercantile Monopoly

If land monopoly interposes between man and man a plague of interminable distances; if it taint cities with obnoxious slum centers; if it expel countless numbers to the unsettled wilds, and to farm and village isolation; if it tax the people with the cost of maintaining a five- and ten-fold superfluity of mileage in railways and country roadways; if it impose on the urban resident expenditures equally as excessive; mercantile monopoly has its own orgies of extravagance, rivaling in every respect those of land monopoly.

Instead of interposing between man and man superfluous distances, this branch of monopoly interposes an overwhelming body of many times duplicated and superfluous middleman enterprises, varying in dimensions, and in every degree of duplication, and manned with corps upon corps of duplicated and superfluous employees.

In possession of this multiplicity of establishments is hoarded an inordinate surplusage of wares, kept there by the congested state of trade, in spite of the emptiness visible in the hand-to-mouth conducted households of the people.

Owing to this unequal distribution of mercantile wares—the virtual subsistence of the people—its owners wield the power of *non-collusive* monopoly, or Capitalism. Through possession of this power, they are enabled to impose on consumers all the cost of the storage, handling and selling of these wares, and also interest and every ordinary expense incurred, until their delivery and payment is effected.

Unless assured of his interest profits, in the prices he pays for wares, and in those he demands, the merchant refuses to either buy or sell. He says to both producer and consumer: pay my toll, or starve.

In the arena of trade, the practice also is to exact *all the traffic will bear*, reconciling it with the demand for the current interest rate by constantly so *readapting* the valuation of each investment as to keep the net profits just equal to the current interest on the *latest* valuation.

Non-collusively united in their uniform demand for *all the traffic will bear,* enterprises of every dimension, large or small, compete on a common level in the prices they offer or demand —the pushcart and the shoestring seller holding their own in the shadow of the great department stores. It seems paradoxical, like the survival of the hare and the jackal along with the tiger and the lion, and is accountable only by the fact that the greater concerns keep on *capitalizing their investments the higher,* as fast as net profits become larger than current interest on the investment. In this manner, capitalized to the utmost, it is always a struggle to earn the current interest, just as it is always a struggle for the petty concern to maintain itself.

It is the practice of capitalizing their establishments *at their highest* that keeps the profit margins of trade so inordinately large, and that stimulates the great multiplicity of duplicated and superfluous establishments.

It is these enormous profit margins that draw so much energy into the work of diverting trade from one merchant to another, and that constitute a general breeding pool for polluting graft. There is indeed not a single vocation

or profession that is not contaminated by their influence.

COMMERCIAL COMPETITION

We have already seen to what extent industry is dominated by monopoly rather than, as supposed, by competition.

Though toiler competes with toiler, and capitalist with capitalist, it is monopoly that governs the relation borne by the capitalist to the toiler. As either producer, or as consumer, the toiler has to contribute the capitalist's toll of interest profits—the fruit of the upas tree of monopoly.

In the great struggle to place capital and to divert trade, some succeed in more efficiently placing their capital and in commanding a relatively larger amount of trade than others do; and in this respect, they compete with one another; but in their relation to the toiler, the very profit margins they derive to that extent imply the substitution of competition by monopoly.

To the speculative business man there is ever present the brilliant opportunity to turn *each dollar of added net profits into fifteen or*

twenty of added capital. If he succeeds in adding a thousand a year to the net profits, he is liable to realize as much as fifteen or twenty thousand in added capital—his establishment becoming rated at so much higher a valuation.

Impelled by the *capital-making* incentive, and spurred by the prodigious sums constantly pressing for outlet in the form of business loans, and as likely to be used against him by his rivals, the merchant is ever seeking to be first in taking advantage of offers, so far as his credit will permit.

In the perpetual warfare of trade, all the funds assembling in the banks, whence they seek outlet, are so much commercial ammunition collectively forced upon them through the attitude of antagonism in which they are aligned. The bulk of the funds are therefore employed in trade-diverting efforts, enlisting all the arts of persuasion, both by voice and by alluring representations in the form of newspaper and magazine advertising; in magnificent window displays; in dazzling signs and flaming billboards; in the fanfarade of street parades and band music; and in scores of other forms of attraction, ostentation and appeal.

Immense fortunes are constantly sunk in endeavors to establish new or enlarge the scope of existing enterprises, causing the great number of already excessive establishments to be constantly augmented.

What matters it if armies of highly expensive salesmen are daily dispatched to all quarters of the globe, duplicating each other's lines and routes in tenfold superfluity? What matters it if myriads of canvassing agents are sent forth to besiege households in city, town, and village, and also on the farm? What matters it if cities are filled with an array of many times duplicated concerns, each supplied with a duplicated equipment and a duplicated force of assistants, from its clerks, stenographers, and accountants to its collectors, porters and delivery men?

What a comedy scene the realm of trade exhibits, in its licensed trade repudiation constantly *repressing* trade, while simultaneously every strategy and resource of persuasion and diplomacy is invoked to secure *more!*

In this topsy turvy realm, great income-yielding fortunes are the prizes offered to those who succeed in *smothering* the largest amount

of trade, while everyone is starving for want of it. Are not its interest profits the reward offered for the *repudiation* of reciprocal buying? Did not this repudiation impoverish and dispossess and keep impoverished and dispossessed the multitudes, would men have the power to collect these pernicious tolls? Would people pay exorbitant rents if they owned their own homes? Were they all *proprietors,* instead of *denuded outcasts,* would they pay for the use of wealth, that they had at their service *without* price?

Is it not obvious that in this branch of non-collusive monopoly, as in money monopoly and in land monopoly, it is *the license to withhold money and wealth from their normal uses and possessors,* that gives rise to capital and its predatory power, and that the mere fact of having this power does not, *viewed in connection with the hoarding through which it emanates,* justify its exactions? Surely neither the *obstructive acts* preceding, nor the *pervertive results* following, as the accompaniment of commercial Capitalism, are such as to justify interest profits.

CHAPTER V

The Toll of Capitalism

Capitalism is only another name for *non-collusive* monopoly, derived through the license permitting of the unlimited repudiation of reciprocal buying. It is the bane of industry and the curse of our crude, *unreciprocal* Monetarism.

In all its departments, whether in the monopoly of money, of lands, or of mercantile wealth, it presents itself as *a great surplusage of wealth* confronting *a proportional scarcity or famine among the masses*. In each of them its mode of operation begins with undue obstruction and terminates with further perversion, accompanied by wholesale extortion imposed in the name of service.

In each of the three great branches of non-collusive monopoly, we therefore see tremendous losses incurred by perversive influences, in addition to those suffered in the form of the extortion of interest profits. Between the vast repression of energies through repudiation and

mistrust, through the cumulative discrepancies that breed industrial crises, and the universal trade hunger developed under its trade license, and spurring the nations to endless wars, we have an appalling array of losses and sufferings for which Capitalism is accountable: and when to these we add the costs entailed by the interposition of the superfluous distances in its perverted distribution of population, and its injection into the arena of trade of the countless numbers of duplicated and superfluous enterprises, the toll of evil attributable to Capitalism passes all bounds.

In the very face of this overwhelming record of evil, Capitalism, as an institution, overshadows all other branches of organized society. By the side of this Gargantuan monster, church and state, press and forum, bench and bar, are so many pigmies crawling between its feet.

Of what toll Capitalism levies in the stunting, distorting, and perverting of man, both physically and mentally; of all those whom it has harried and worried into premature graves; and of all those whom it has maimed and murdered in the wars incited by the lust of gain it fosters, it is vain to attempt a reckoning.

Their immensity is such as to exceed our powers of conception. But of the cost of interest profits, we may make a fairly reliable calculation.

Since each of the branches of non-collusive monopoly emanates from a common source, and is uniformly gauged by the same license and the same standard of *all the traffic will bear*, and by the same current interest rate, we may safely assume that a result derived from a test in one branch will suffice as the criterion for all the rest.

In making a calculation, we therefore take land monopoly as a basis, using house rents, with which all are familiar, as an example.

In estimating the cost of house rent, we will assume a house costing $2,000; the ground on which it stands, $1,000; the interest rate 6 per cent; and the cost of house wear, 4 per cent. On this basis, the bill for house rent would be as follows:

Ground rent (6% on $1,000)	$ 60.00
Building rent (6% on $2,000)	120.00
Building wear (4% on $2,000)	80.00
Total..................	260.00

Of this total, it will be remarked, $180 is for

interest on invested capital, while only $80 is for valid service—the wear cost of the building.

By this criterion, the only element of service derived by the tenant is the wear cost, $80—a sum less than *one-third* as much as the rent.

If in this branch of service the toll of Capitalism is more than two-thirds of the amount charged, can one be far from the truth in assuming it to be equally as much in the remaining branches of non-collusive monopoly? Are we at all exaggerating the amount of the extortion if we conclude that interest profits take *fully two-thirds of the product of labor?*

Nor is this conclusion at all surprising, in view of the quantity of capital that is purely fictitious, representing only monopoly, and the quantity also that consists of duplicated material wealth, superfluous, and economically as fictitious as any monopoly value.

Yet after all, this tremendous cost of interest profits is only one item among the array of injuries inflicted by Capitalism. It is the smallest item—its toll in murder and corruption eluding measurement.

CHAPTER VI

The Philosophy of Value

Values reflect the verdicts arrived at in the competition to either secure or dispose of labor or its products—a competition in which are pitted against each other the respective preferences and aversions of the hundreds of millions of participants in the co-operation of industry—their minds and moods, and all attending circumstances, interacting upon each other. It is by these verdicts that the movements of industry are guided.

Value is the monetary expression of the proportion in which one commodity will exchange for others; but it is not therefrom to be assumed that what a commodity exchanges for is its true equivalent—its *normal* or *real* value. If the conditions under which exchanges take place are *unfair*, values will be *false*.

Where society is divided into classes of *possessors*, and *dispossessed*, and where there is no enforcement of *reciprocal* buying, the amount of money given for labor, and the quantity

of productions given for money, will deviate from true equivalence to the extent of what is diverted to interest profits.

Labor values, under our *unreciprocal* Monetarism, are true *only as compared with each other*, and *product* values also *only as compared with each other;* and yet is labor so *undervalued*, and are products so *overvalued*, that, as has already been demonstrated, labor realizes *less than one-third* of what it should. Its *commercial* value is less than one-third of its *economic* or *real* value.

It is only where *reciprocal* buying is enforced, and where the *proprietary status* of the toiler is maintained, that *real, normal* values can be determined.

DEMAND AS A FACTOR IN VALUE

While it is true that *labor* is apparently the only valid constituent of productions—all other constituents, apart from demand for them, representing *monopoly*, it is equally true that labor *alone* is unable to impart to productions the smallest particle of value.

Were everybody to contribute *labor*, and nobody to contribute *demand for its products*, an

output piled mountain high would possess no value, for all its quantity. Let demand for commodities shrink, and note how values will also shrink. Let demand cease, and values will also forthwith cease.

Labor and demand are the two vital and co-ordinate elements needed to impart to commodities a *genuine* value.

It is not enough that a person contributes his labor, if he does not also contribute a proportional demand for productions through which demand to *justify* its value. Unless so justified, his contribution of labor is really valueless. That others, by *buying in excess*, may cover his deficiency, is of no avail. It does not excuse him for *foraging* on values that others have created and have been deprived of in being displaced by the forager—as the direct consequence of his deficient buying.

Too much stress cannot be laid on the importance of requiring of every participant in industry the contribution of a demand for productions *equal in volume* to the quantity of labor or service he sells. It is for each participant to *justify* the value of the labor he sells. He must not be permitted to forage on

values that *others* create. Our industrial system should harbor no form of thievery.

The capitalist, both in his original acquisition, and in the constant enlargement of his principal, is foraging upon values that the masses create. His vast abstentions create no demand and no value; and his vast investments respond only to a demand that *others* create by an excessive consuming forced upon them for want of reciprocal buying of their services—most of it *tributary* consuming—the payment of interest profits—from which they derive no benefit.

Nor does the capitalist, in consuming from his income of interest profits contribute any *legitimate* demand for productions. He is merely a *parasitic* consumer, like the wolf devouring the farmer's sheep. The farmer who contributes this support to the wolf, and the toiler who contributes the capitalist's interest profits, are the *real*, the *economic* consumers and makers of the demand. *Paying* for the pie—not merely *eating* it—determines who is the *economic* consumer. *Parasitic* consumers help nobody.

NATIONAL VALUE STANDARDS

There are many influences entirely apart from individual effort that enter into the determination of values, and that are *social* and often *national* in character.

Most potential of these in its malign influence is money hoarding, unrelieved by capitalistic investment, which stifles industry, or at least arrests its progress. Examples of its effects are visible in the arrest of development that has until quite recently engulfed most Oriental countries.

Such a stifling effect is also often to be attributed to a volume of capital demanding support from a country whose industrial standards are too low to bear the burden. The volume of its capital may not be very large, and yet may be inordinately excessive, causing a chronic paralysis of industry.

Capitalism is a compromise with money hoarding, and is the better alternative, though extremely burdensome, if viewed from the standpoint that *hoarding may be prevented without cost,* as will hereafter be shown.

Nor are either unrelieved money hoarding, or excessive volumes of capital, the *only* social

and national influences that materially affect the productive efficiency of labor. The character of national laws, customs, general and technical education, progress in inventions and discoveries, and many other causes materially affect for better or worse the productive efficiency of labor and the returns it locally yields.

Since also industrial co-operation aims to convert labor into subsistence products, the effect of these diverse influences is manifested in *differentiating* in varying degrees the relative value of labor as compared with that of productions.

Those influences that tax and impede industry, such as money hoarding and the accompanying levy of interest profits, simultaneously *lower* labor and *raise* product values; while those that make for material progress, such as inventions and discoveries, act in the opposite manner, raising *labor* and lowering *product* values.

The influences that make for material progress and thereby *enhance* the productive efficiency of its labor, and those of money hoarding and Capitalism, that *impair* productive efficiency, are present in every country in greatly *varying* degrees, giving rise to distinct *national value*

standards in each. In each country the *entire range of product values* differs from those in other countries, so that productions, like for like and kind for kind, have a *different* value in each country. They are not *isolated* price variations, such as might arise from varying *individual* capacities, but variations that are distinctly *national,* and requiring treatment as such.

Since *impairment* of national productive efficiency can find expression only in *reducing* labor and raising *product* values, it might be inferred that the productions of a country of inferior productive efficiency must sell at *higher* prices than those at which they sell elsewhere; but this is far from true. In foreign trade, it is not the cost to the *home* consumers, but *the factory cost,* and that at its export depots, that determines a country's ability to sell. Owing also to the universal practice of adapting profit margins to all the traffic will bear, and, under the greater pressure to undersell imposed by the more congested state of the home trade, the productions of such countries are usually offered at *lower* prices than those of other countries. Its lower prices are not,

however, based on either ability or intention to reciprocate buying in its foreign trade; and were reciprocal buying made the condition governing the trade, it would not be able to trade with countries of higher national value standards.

CHAPTER VII

Unreciprocal Foreign Trade

National value standards relate to the whole range of a country's productions; and the wide disparity between these standards is far too palpable and persistent to admit denial, or to be ignored in regulating the conduct of foreign trade.

When labor, in China, grade for grade, persistently commands no more than about one-tenth as much as it does in the United States; and when similar, though less radical variations, prevail in European countries, both as to labor and as to product values, we have a fact unaccounted for by current economic theories. According to the ordinary conception of the operation of the law of supply and demand, all these national value standard differentiations should long since have been resolved into *uniform* labor and product values all over the world, subject only to the slight fluctuations to which values are everywhere liable.

As previously stated, low national value

standards imply inferior productive efficiency, and are far from being a safe criterion in the conduct of foreign trade—especially where no due provision is made to guard against international trade repudiation. The extremely low labor values, where productive efficiency is at its lowest, enable product values there to be relatively lower than elsewhere, though a wider relative margin intervenes between its labor and its product values, representing the *higher* cost of converting labor into products for the home consumer. It is the degree of *local trade congestion* that determines the gradation of its product values in comparison with those of other countries.

The great attraction of foreign trade is due to the enormous profit margins it offers to those who buy by the *lowest* and sell by the *highest* national value standards, heedless of the vast amount of buying it fails to reciprocate.

What chance of having its foreign purchases reciprocated can a country of *high* value standard have?

How long would it be before its currency supply would be exhausted and its trade reduced to a state of stagnation inviting anarchy; or else, if the currency did return, would it not

be in purchase of its properties, until it finally became a dispossessed nation, tributarily dependent? How long before foreign capitalists drew from the country a regular tribute of interest and dividends, amounting to the same thing as the tribute that conquered nations had annually to send to ancient Rome? How long before the control of its properties gave to the foreign capitalists a control of its politics and its government—especially if systematically organizing the power of this wealth into political machines?

In the modern world, it is the capitalist who is constantly seeking for more tributaries. He is the soldier of fortune crying for "open markets" that he may the more easily invade them with the products of low national value standards; and by repudiating reciprocal purchases, replenish their exhausted monetary supplies by purchase of their properties. It is a subtle mode of invasion, and one most dangerous to the peace of the world: let alone the freedom of the nations so invaded.

There is only one way in which to conduct a safe and an honorable foreign trade, and that

is by rigidly excluding foreign investors and maintaining a distinctly local currency—thereby confining all trade to a clean exchange of *products for products*. *Properties* are not a proper subject of foreign trade; for a dispossessed nation is only a nation in form—a creature of foreign despots.

But how, it will be asked, are prosperous countries, whose value standards are *high*, to do any foreign trade, if it is to be made an even exchange of products for products? The answer will be found in the narrative to follow:

A NORMAL FOREIGN TRADE

It was a *reciprocal* trade of products for products we had in our foreign trade during the four years of civil war in the United States. No properties were during this period alienated, while our domestic trade did not in the least suffer for want of currency.

Foreign capitalists mistrusted the outcome of the impending war. They consequently baulked at further investments, and realized on most of those they held—drawing from us nearly all the gold we had in circulation.

Gold was needed to pay for imports; and

since it was now obtainable only through exports, we were obliged to limit our imports to the extent of our ability to export.

We could now have carried on little foreign trade, but for the development of a new factor, *the premium on gold.*

The consumer of imports, in order to benefit by the lower foreign value standards, paid the premium rather than forego the gains he derived from the lower foreign markets.

The premium simultaneously and automatically acted as a *bounty* on exports and a *tax* on imports. The premium covered the disparity between the home and foreign value standards. It voiced this disparity; and if the disparity had not been real, the consumers of imports would never have paid it. The premium was at one time so high that it took $2.85 in paper to pay for one dollar in gold. It equalized the disparity between foreign and home value standards, taxing the beneficiaries of the foreign markets and compensating the exporters who had to sell in the inferior foreign markets in order to keep consumers of imports supplied with the gold they needed.

The premium on gold had nothing to do

with the intrinsic value of our paper as compared with that of gold; or with the credit of the nation. It signified merely that the medium of *low* value standard markets was worth more than that of a *high* value standard market. Had we used gold, and foreign countries paper, it would have been the paper, *as the medium of lower markets*, that would have *risen* to a premium, and it would have been the gold that would have suffered *"depreciation."*

Our war currency was a *disparity* money, honestly reflecting the disparities between our value standard and the standards prevailing abroad—*actual* disparities that needed *recognition* rather than *suppression.*

A REAL PROTECTIVE SYSTEM

There was no weakness and no favoritism in our disparity money. It impartially equalized market disparities, so that all who benefited by lower foreign markets had to pay what this was worth; and all who suffered by being compelled to sell in such inferior markets were duly compensated therefor.

The patron of foreign markets had to secure his gold and to pay its price. It mattered not

in what direction he patronized foreign markets, whether in foreign travel, in the payment of freights and fares to foreign vessel owners, in the purchase of imported wares, in paying interest and dividends to foreign investors, such as was begun after the war, or in any form whatsoever of sending or spending money abroad. It was a *complete* protection that was afforded, and not a misleading sham, like tariffs that cover only a small fraction of the sphere of exposure, letting the trade of the nation suffer a shrinkage amounting to hundreds of millions annually, and leading to such a degree of property dispossession that several hundreds of millions had annually to be paid to foreign capitalists as interest and dividends.

The war conditions gave us A REAL PROTECTIVE SYSTEM. It helped us emerge from the war in the flush of prosperity, in all but the devastated districts. We came out, retaining unimpaired our proprietary status, even to retention of as much of our once splendid merchant marine as had escaped the enemy.

Had we duly understood and appreciated the work it did for us, we should, after the war, have enacted laws permanently debarring alien

ownership of our properties and permanently retaining our own paper currency.

The war, unfortunately, was scarcely over, when foreign capital came pouring in to acquire our properties—our bonds, stocks, lands, mines, shipping, and other interests. This artificial source of monetary supply had the effect of steadily lowering the gold premium, and of stimulating an undue volume of imports and foreign expenditures, as well as of seriously impairing our power to export. It kept our values artificially high, in view of the fact that it depressed our trade, and that it came to us as the price of our properties rather than of our productions. This was the real source of the inflation we suffered from, and not the paper money to which it was attributed.

By the year 1879 the premium on gold had fallen to zero; and with its disappearance passed away the last vestige of the finest protective system a nation ever had.

By the year 1895 the volume of properties alienated had already reached the staggering sum of ten thousand millions, including our merchant marine; and since then, the nation has suffered more than one disaster from the

sudden withdrawal of our gold supply, made by throwing large blocks of the alienated stocks upon our markets to supply the foreign owners with ready gold.

We are still deluding ourselves with a high tariff wall, that touches only favored spots and leaves the larger portion of our foreign trade unprotected. Our entire export trade is left without a particle of protective compensation to cover the disparity between the home and foreign value standards. The producers of corn, cotton and wheat, as well as of many other staples and manufactures, necessarily suffer by this unpardonable neglect. We have also fostered an undue amount of expenditures in foreign travel, except during the interval of the Anglo-German war. To no small extent, also, are our own value standards abnormally lowered, as a result of this lack of due protection—a result very misleading.

In the interest of peace between nation and nation, the policy of trade expansion, or industrial imperialism, should be abandoned, and each nation left to maintain unimpaired its industrial autonomy, retaining, for its own

people all of its home properties, and a disparity currency that will both *interpret* disparities in market standards and *protect* against them.

When countries unite in maintaining a uniform trade of products for products, and make the further repudiation of reciprocal buying in foreign trade impossible, the bone of contention that inspires so much international distrust and antagonism will have been removed, and the foundation will have been laid for a permanent peace between the nations of the world.

CHAPTER VIII

The Medium of Exchange

It often happened under Barterism that preferred commodities would be accepted as a temporary substitute for the articles that the recipient really wanted. Chief among these preferred commodities were gold and silver, which in time became a permanent medium of exchange: later on being coined into pieces of uniform weight.

In this manner came money into use, quickening the movements of industry, and enormously enhancing its productive efficiency. Money served as a link, automatically connecting and blending into one vast process of industrial cooperation the inhabitants of countries far apart and spread over the entire earth. It facilitated the specialization of labor till the varied forms of labor and the variety of productions were past reckoning; and it also helped to co-ordinate all this immensity of varied activities into one magnificent mechanism, capable of automatic expansion as the demands of progress

called for. It really *socialized* the industrial process, though far from accomplishing the task as efficiently as might be desired.

While materially, money is merely a transferable symbol of mathematical quantity, it is functionally at once *an acknowledgment of service rendered* in the production of a general output of subsistence products, and *a valid claim upon the output.*

While, also, governments make it *obligatory* that the money of issue be accepted in return for commodities, they do not make it equally as obligatory that *money be used to redeem by purchase the quantity of productions it is a claim on.* In short, while *money* is made obligatorily redeemable in commodities, *commodities* are not made equally redeemable in money. Many a poor wretch has starved to death because money would not redeem the commodity of labor he had to offer. The capitalist is not slow to insist upon the *claim* his money represents, but is invariably blind to the *obligation* inhering in money and *inseparable* from its claim.

When the hoarding capitalist diverts money from the due fulfillment of this obligation, employing it as *a perpetual loan and investment*

fund, he takes a step wholly *foreign* to the purposes and the normal process of industrial co-operation. Instead of acquiring subsistence products through the contribution of productive service, he substitutes *acquisition through extortion.* He places himself in the position of the Ishmaelite who lived by plunder prior to the recognition of property rights. He is, in fact, an economic Ishmaelite.

THE COMPOSITION OF MONEY

It is not strange that the moneyed class should so long have persisted in their demand that only a commodity possessed of intrinsic value—a medium therefore self-redeemed—could constitute money, and that any other medium of exchange must be made redeemable in the commodity money.

The countries of lowest value standards would always be able to retain in circulation a commodity money. As the medium acceptable in the lowest markets, a commodity money became everywhere acceptable—a fact giving to it tremendous prestige. It was good everywhere, and that was what the moneyed class desired. They asked nothing further.

To these men, the *home* market, if the national value standard was high, was a good enough place in which to make their fortunes; but it was always the *foreign* markets that were the righteous standard of values.

Whenever the money of the home market refused to remain at a parity with the medium of the cheapest markets, the government was immediately called on to come to the rescue. It must keep its money *at a parity* with the medium of the cheapest markets. If the normal buying capacity of its dollar was abroad worth only fifty cents, the home government must make it worth one dollar. It must induce foreign capitalists to buy its properties in such quantities as to flood it with gold, or the medium of the cheap markets, and thereby to apparently cheapen the gold, or else raise the national paper to its level. In this manner, by substituting the sale of *properties* for that of products, its industrial conditions are *impaired*, its value standards *lowered*, and the wonderful feat of maintaining its money at a parity is achieved.

Whenever foreign capitalists hesitate at buying the nation's properties in the ordinary way, and the parity of its money is threatened, na-

tions contract loans, selling their bonds to replenish their diminished gold supply—an instance of which occurred during the second administration of Grover Cleveland, when bonds, in the amount of one hundred millions, were sold in order to replenish the gold supply.

No more deceptive doctrine has ever been promulgated than that of a *universal* parity, or one that has worked more mischief in betraying nations into the power of foreign capital. There can be no *parity of disparities.* An *honest* money must *recognize* disparities and must *meet them.* It cannot, ostrich-like, close its eyes to the truth and surrender the nation to the greedy ambitions of foreign capitalists. It must not betray the nation into bondage.

RECIPROCAL MONETARISM

The hunger of human want is one that continues from day to day without cessation, let it be appeased as often as we will. It becomes a menace to life and to the normal development of man, if hunger remains long ungratified.

The task of industry being to gratify this everlasting hunger, the service of money should

be made more than spasmodic. It should be *free* and *continuous.* It should never be permitted to be diverted from normal circulation—from the alternate purchases of labor and of subsistence in endless succession. It should not be allowed to go into hoard, and thereafter to refuse its service save when its extortionate exactions are conceded.

The money question is far less one of composition or of volume, than of *integrity of circulation.* Its use as an implement for obstructing and taxing industry must be abolished. It must be given more power to *serve,* and less to *tyrranize* and *plunder.*

Had a normal monetary circulation always, from the beginning, been enforced, deficiencies would have driven no man to part with his birthright of proprietary wealth; nor would there have been any men possessed of a surplusage of money with which to purchase and to divert proprietary wealth from the possession of the masses.

Had Monetarism from the start been made a *reciprocal* exchange process, the story of history need not have been written in blood and misery. Capitalism would not have lifted

its head, like a serpent from the grass, to curse the world. The relationship of man to man would not have been reduced to one of deadly antagonism.

To this twentieth century has come the task of expelling from its garden of industry this hideous serpent. It is not a creature that that belongs there. It is something wholly foreign to the process of industrial co-operation. Pirate ships are no less foreign to sea traffic than is Capitalism to a normal state of industry. The mandate of this century will therefore be that Capitalism must go.

But how? How is society to rid itself of this monster? In the logical way, *by enforcing reciprocalism.* Capitalists owe *a long overdue debt of reciprocal buying*, as large as the principal they hold as capital. Let them repay this debt *by consuming their principal.* In that way it will pass into the earnings of the masses and thence into their normal birthright of proprietary wealth, details of which transfer, as also of how this wealth is to thereafter be made inalienable, will be furnished in a later chapter.

Accompanying this diversion of capital into

proprietary wealth, provision would also have to be made for the enforcement of reciprocal buying in all further participation in industry.

In order effectually to enforce reciprocal buying, a supplementary currency will be needed, to be given by each recipient of money to the payer thereof. Without a supply of this supplementary currency to give, no man would be able to sell and take in money. We will therefore call it *sell money*.

With sell money in circulation, no man would be able to acquire a *loanable* surplusage of money. As soon as his proprietary supply of sell money ran out, he could take in no more regular money, for want of sell money to give the payer. He would then be forced to spend regular money, in order to secure a fresh stock of sell money which would be needed in order to be able to take in more regular money. His spending would thereafter have to keep pace with his taking in of money. He would have to let other people take in money as well as himself.

Every participant in industry would now have to *justify* his participation and also the value of the labor he sold.

A *free* and *continuous* circulation of money would now be in operation—all persons being

obliged to spend money practically as fast as they took it in. Neither drouth nor pestilence, flood nor hurricane, nor any other untoward event, could unduly retard the energetic flow of the circulating medium. There would be no more industrial crises, and no more trade hunger to precipitate bloody and disgraceful wars. Evils innumerable that have seemed to be inseparable from man, would now be dwindling and disappearing, steadily transforming the character of human society.*

* For further details relating to Reciprocal Monetarism, see Part II.

CHAPTER IX

Past Industrial Systems

Communal groups, evolved from family into patriarchal and tribal dimensions, were no doubt the earliest form of industrial association. The eldest in the family, the patriarch, usually ruled until tribal dimensions had been attained, when successive chieftains superseded him. A community of religious belief or sentiment was often the basis of their organization.

Various types of organization were developed, and each handed down from one generation to the next. Their stereotyped plans, however, were too rigid to admit of that *automatic expansion* that both Barterism and Monetarism were capable of. The two latter were systems of *co-operation through exchange*, whereas the communal groups were *arbitrarily conducted* organizations. The communal groups were insular, whereas both Barterism and Monetarism reached out to unite in their system toilers of all lands. Relatively, the communal groups were static, like colonies of bees, ants or beavers.

Communal groups have recurred at intervals down to the present century, acting as a harbor of refuge for those to whom the violence and treachery of Monetarism were repugnant. The communal conception is still alive, endeavoring to supplant current Monetarism with some form of Collectivism.

The most successful of these groups was probably that of the Essenes, a religious sect flourishing in Palestine during a period of four centuries, beginning about the year 200 B.C. Of its merits as an industrial organization, little is known aside from what may be inferred from the fact of its long duration.

Another remarkable communal organization was that of the pre-Columbian Peruvians, whose Inca rulers assigned tasks and both gathered and dispensed provisions among a people variously estimated at from three to fifteen millions, and dispersed along the slopes of the Andes over a territory hundreds of miles in length. Operated by the Inca class, under personal supervision of the Inca himself, who possessed absolute authority, the system is reported to have been highly successful, though conducted without the help of money or even a written language. As long as the wants of the people

were few and the rule of the Incas could go on undisturbed, the system was adequate; but for modern needs and conditions it could not apply.

What uniformly condemns communal systems is the necessarily limited dimensions to which they are fundamentally committed: admitting of little specialization of labor, and as a consequence, of no high degree of productive efficiency. In the disposition of their output of productions, and in the assignment of tasks, these organizations encounter much dissatisfaction and difficulty, seldom being possible without a despotic authority over the members.

If communal organization preceded all other forms, as we have reason to assume, Barterism could have evolved only through the detachment of artisans here and there from their respective groups. These would thereafter trade their own surplus products, both with the groups and with each other. The detached members would thus gradually form part of a vast body of similarly detached group members, developing a higher degree of labor specialization and attaining a larger degree of liberty than under the groups. They, in this manner, became

members of a vast exchange system—a system of automatic co-operation widening in scope until it embraced all the nations. Against the infinitely larger organization of Barterism, communal groups were unable to compete, gradually disappearing, and only in rare instances reviving or repeating themselves.

Under Barterism, each individual was a distinct type of the system in its entirety. He was a separate unit, capable of moving hither and thither, bearing with him his full belongings, and capable of enlarging them to suit his needs—so far, at least, as not to be prevented from doing so through any form of economic displacement. He was an assimilative unit in the industrial organism, closely resembling what the cell is in the animal body.

Under Barterism there was nothing to seduce from the individual his proprietary outfit. Its exchanges were not subject to those discrepancies by which the masses have under current Monetarism been dispossessed. Its exchanges were necessarily reciprocal, preserving a more harmonious distribution of wealth.

What doomed Barterism was the difficulty encountered in effecting direct exchanges: for seldom could one find another person offering

just what one needed, and yet desiring just what one had to give in return for it. This necessarily made the process very cumbrous and costly. The use of money, by facilitating exchanges, also cheapened their cost, and so multiplied them as to cause a great increase in productive efficiency and thereby the triumph of Monetarism.

UNRECIPROCAL MONETARISM

How Monetarism came to supersede Barterism, and the character of the revolution it affected, has already been explained. Money was the implement for furthering the socialization of the industrial process begun in Barterism. It helped to organize and expand the movements of industry till all the years and all the people, and all the territory of this earth were merged into one gigantic organism, capable of self-expansion in all directions.

What power there is in Monetarism, one can only conceive, after considering the vitality it displays in the face of all the discordant elements bred by its subjection to so much repudiation of reciprocal buying: the clash of commercial rivalries; the strife between employer

and employee; the recurrent shocks from industrial crises and revolutions; the decay and downfall of government after government; and the endless succession of upheavals that have shaken the foundations of society. All this reign of rupture and ruin, Monetarism has combated, surviving to this day, and to this day holding the world in its thrall. In spite of its terrible incubus of Capitalism, it stands here, an impregnable tower of strength—a vast system, needing still to be tamed by reciprocalization, but absolutely indispensable.

CHAPTER X

Socialism and Other Projects

As heir and successor to political Communism, which aimed to apply common ownership of all wealth to the industries of nations, Socialism has entered the arena of modern politics, proposing the substitution of our industrial system with one in which governments are to own and operate all the means and implements of production.

The Socialist, at the very outset, assumes that a normal distribution of wealth is *impossible* under private ownership, and *is possible*, under public ownership. How he will be able to bulk wealth and yet so operate it as to yield a respectable output, he does not deign to explain. He takes all this for granted. He would desocialize the industrial *process* and content himself with socializing its framework—its wealth.

By what plan his proposed system is to be regulated, he is not prepared to say, scorning

definitely outlined plans as Utopian. Yet he has the temerity to go before his fellow toilers, asking them to unite in his pet project of supplanting the present *socialized* industrial process with one in which there are to be no automatic exchanges, for want of a transferable money—the organ of socialization. It is like asking a man in the rain to trade his umbrella for a piece of an umbrella rib.

Even Columbus had to explain why he expected to reach the Indies without dropping off the earth. If a person seriously affirms himself capable of leaping over the moon, he has no right to expect men to believe him, without a rational explanation of the manner in which he is to perform his stunt.

To what extent has the Socialist explained the manner in which he expects to effect the vast reorganization of industry involved in his proposal?

He scorns the discarded short clothes of diminutive Communism as unsuitable for his own gigantic proportions; but what does he propose to substitute for them?

A thing, verily, of shreds and patches.

In place of a definitely outlined plan, he presents a front brilliant with expectations, but

supported alone by faith and unscientific "scientific" principles—negations representing the taboos of economic superstition.

Automatic competition, in which each individual acts for himself in deciding in what direction and on what terms, and where and when he will deliver his services, and in what he is to apply his earned claims on the subsistence output—in which the minds of hundreds of millions of co-operating toilers interact upon each other and give due expression to their individual preferences and aversions, and so determine values and influence the direction in which all efforts shall be applied—all this is to be supplanted by the autocratic direction of a body of statisticians—of course, presuming their subtle minds capable of meeting the infinite demands of the great process they are to supplant. These men also are to be dependent on a labor-time gauge in determining economic quantities, assuming labor alone to be the proper gauge of values.

The use of a transferable money—the tool of economic association—is, of course, to be discarded on "scientific" suspicion, as unworthy of trust.

The very taboos the Socialist so strenuously

insists on must debar his system from rank as an automatic *exchange process*, leaving it no better standing than that enjoyed by early communal organizations. These also *excluded* from their process the tax of economic profits, as also did Barterism. But it is one thing to succeed in *excluding* economic profits, and quite another to *attain a high degree of productive efficiency.*

Committed to arbitrary modes of operation, it is hard to rank Socialism in any other class than that of primitive communal society; and the burden lies on the Socialist to show how he can keep industrial society agoing, with all its infinite body of interacting activities. In his design to supplant Monetarism with a system of industrial arbitrariness, he is asking the world to go back thousands of years.

No wonder the Socialist leaves definiteness of plan to the future, relying on the principles of his "scientific" economics ultimately to give the structure its shape; and these principles are mainly drawn from the voluminous writings of Karl Marx.

In all these writings, we fail to find the first trace of a recognition of Monetarism and

Capitalism as two *separate* and *distinct* systems—the former productive and competitive, while the latter is obstructive and monopolistic or predatory. The two systems are everywhere treated as a single one, hopelessly perverse. Socialists consequently insist on the complete substitution of current Monetarism by *an entirely new system,* presuming their capacity to do so a foregone conclusion.

From this "scientific" economics we learn that *money is a commodity.* Were this true, each separate deal in trade would be *an exchange* of one commodity for another, making all trade *self-reciprocal.* No champion of Capitalism could have suggested a doctrine better qualified to vindicate this monster of monopolies; for if trade is really self-reciprocal, the capitalist could owe no debt of reciprocal buying, and the manner in which capital had been acquired and the masses dispossessed, would be above reproach.

The Socialist's attitude to labor as the *only* factor in value would justify the capitalist's participation in industry and all his foraging on the values created by the toiling class, whose labor he thereby had partially repudiated and seriously depreciated in value. His shots at

Capitalism are fired with blank cartridges, making noise enough, but doing no harm to Capitalism. They resemble the church's denunciations of the rich while counseling the poor to accept their lot submissively. Is the Socialist's hereafter any better for the poor than the Christian's?

After a most laborious search for the source of toiling class dispossession, Marx concludes by attributing it to "the result of a past historical development, the product of many economical revolutions, of the extinction of a whole series of older forms of social production."

In also searching for the source of the power of capital to command interest, Marx did not discern the relation the *stationary* funds bore to those *in circulation.* He could trace it in neither the one nor the other, saying in conclusion, in reference to the stationary funds, "They become a petrified hoard, and though they remain in that state till doomsday, not a single farthing would accrue to them."

Without a trace of the *improper source* of toiling class dispossession and capitalist possession, on which the justice or injustice of the demand for interest depends, Marx endeavors to prove interest to be an extortion by calling

it a *surplus-product*—an undelivered portion of labor's share in the product output. But if capital *contributed* a service, which Marx did not disprove, the portion he called "surplus-product" was in reality the price set aside as the reward for the services of capital, and was in no sense a "surplus-product." The assumption by Marx that it was a "surplus-product" and therefore an extortion, was like an attempt to prove John a thief by calling him "Thieving John."

Of the culminating concentration of wealth that Socialists have predicted and look for, the history of affluent nations affords no instance. What they have overlooked has been the fact that coincident with the tendency to *concentration* of wealth there is also a powerful tendency to *diffusion*, caused by the common demand for *all the traffic will bear*, which leads to irrational dispositions involving both over-concentration and over-diffusion.

Nor is the assumption that Socialism may be attained through governmental acquisition of one industry at a time, until the entire body of industry became socialized, less delusive. As long as the number of industries undertaken

by a government were few, apparent gains might be derived, though in reality the unappropriated capital remaining would then absorb to itself, *in larger returns*, what was saved. As long as the socializing devices of money and competition determined values and dispositions in the remaining industries, the help of this guidance would enable the government to manage the enterprises it undertook; but as soon as it undertook *all* industries, it would be forced to rely on *arbitrary* direction of affairs, groping in the dark, and with all sorts of discrepancies and disorders becoming cumulative. If it did not completely break down, it would be a retrogressive shrinkage in the volume and numbers of industries, leading back toward primitive standards.

It is so easy to talk of nations at war becoming more socialistic; but what warring nation would dare to dispense with the use of a transferable money and of competition? What statesman would dare to recommend such a course? We must remember that the colossal movements of war are reared on colossal debts which future generations have to sweat for. They are anything but normal movements; and they are, moreover, supported by the accompanying aid

of value determinations effected through money and competition.

OTHER SOCIAL SCHEMES

The apostles of Free Trade proclaim a right to buy and to sell separately, *without relation to each other*. In effect, they plead for *unreciprocal* Monetarism and the *non-collusive* monopoly of Capitalism this gives rise to.

When the doctrine was first utilized as a political shibboleth, its "freedom" was so alluring as to lead many persons to believe it would inaugurate the millennium. Its industrial *individualism* contrasted strangely with the industrial *collectivism* of the Socialist. Both were founded on vain assumptions.

The doctrine does not presuppose the existence of distinct national value standards—to counteract whose misguiding influence on the trade of nations, tariff taxes and other discriminating devices have often been resorted to; and for this reason its champions condemn all legislative interference between the trade of one nation and another.

Apart from their opposition to all forms of collusive and government-favored monopolies,

the advocates of the doctrine virtually plead for the unlimited extension of Capitalism.

Another alluring scheme is what is known as the Single Tax, designed to convey to governments all the revenue that the land owner is able to extort for the use of his lands. This is to be accomplished by concentrating all government taxes into a single one placed upon lands only, exclusive of the improvements on them.

In effect, land monopoly is to be crushed by relieving both money and mercantile monopolies of all taxation, and thereby enabling these exempted forms of monopoly to be capitalized higher, for the larger net revenue this exemption would leave them. In short, stocks would be *inflated* and lands *deflated*. The scalp of the land monopolist is to be hung in the belt of the Wall Street shark; and the toiler is to benefit solely in being allowed to watch the game.

Unaware of the part played by non-collusive monopoly, it was natural for the Single Taxer to assume that his blow at land monopoly would terminate all monopoly not yet reached by the law. He was also consistently an ad-

vocate of Free Trade and a defender of Capitalism.

Still another fascinating proposal is that of profit sharing, which offers to allow toilers a share in the net earnings of a concern, in addition to wages.

The scheme is a laudable one, so far as individual enterprises are concerned. But if made universal and compulsory, for *all* enterprises, while Capitalism went on unrestrained, its result would simply be to take back from the toiler in larger commercial profit margins what is added to his wage.

Our industrial system is already a vast *profit sharing* co-operation or union, in which the capitalist shares without the slightest justification. To share *equitably* with capital were like sharing one's purse *equitably* with a highway robber.

Of economic movements in general, it may be said that, so far as they attempt to reduce the aggressions of capital in any single channel or sphere, leaving it otherwise undisturbed, their effect is bound to be abortive—merely *diverting* rather than diminishing the volume

of capitalistic aggression. The very fact that capital goes on compounding till its bulk periodically becomes such as to be insupportable and to precipitate industrial crises, from which there is no relief until a considerable liquidation has taken place, shows how feeble an impression spasmodic and partial assaults upon Capitalism make.

PART TWO

PROPRIETARISM
OR
MONETARISM MADE RECIPROCAL

THE INDUSTRIAL SYSTEM OF THE FUTURE

CHAPTER I

Constructive Proprietarism

Proprietarism is a state of industrial society in which each separate toiler is an unencumbered proprietor, both of his home, with all its accessories and supplies, and of his equipment as an independent toiler. This applies to all kinds of toil, whether manual or mental—to every form of service acceptable to his fellow toilers.

In order to insure the permanence of this status, the system also enforces reciprocal buying, and acts as custodian of the funds to be set aside for acquiring and perpetuating the proprietary status, making it inalienable.

As part of its enforcement of reciprocal buying, all the delinquent buying represented by existing capital would, within a limited time, have to be reciprocated by consumption of the principal.

In order to accomplish these ends, it will be necessary to enact and enforce a code of

special laws covering, among other matters, the two following provisions:

1. The stringent debarment of further capitalistic investments, coupled with the allowance of a fixed period, say of one decade, within which all existing capital is to be dissipated—either consumed or diverted into proprietary wealth.

2. The introduction of sell money, previously alluded to, to supplement the circulation of money, in being given to the payer of money by its recipient.

All properties would be regarded as capitalistic that were held as a source of interest profits; also *new* loans and credits, while those outstanding would be allowed a reasonable period within which to be liquidated. Lands also would be regarded as capital if held for a rental or operated by hired help from whose labor interest profits were derived. Mercantile stocks, for reasons that will hereafter appear, will automatically be so reduced in volume as to lose the power of capital.

Proprietarism will merely limit the *uses* to which wealth may be put, not the *quantity* a

man may possess. In its accompaniment of reciprocal buying, it would prevent men from accumulating to an extent, or in a manner, debarring others from acquiring and retaining their own properties. It would protect men in acquiring all the *non-predatory* property they could, by debarring the acquisition of *predatory* properties.

Property in the new order would enjoy a superior degree of protection, shielded from the aggressions of unreciprocal trade and the devouring encroachments of predatory properties. They would represent the fruit of *normal* abstinence, rather than of the *abnormal* and *excessive* abstinence through which capital is acquired.

If the advent of unreciprocal Monetarism was a revolution, in *depriving* the masses of their proprietary status, Proprietarism will be one *restoring* to them their lost heritage.

With the capitalist compelled to begin *consuming*, instead of constantly *adding to* his principal, the power of non-collusive monopoly, and the ability of capital to command interest profits, would be gone.

Wages would at once respond by absorbing to themselves what had previously gone to

interest profits. This would supply to the toiler the margin through which he would recover his proprietary status and be able permanently to retain it. It would mark the beginning of the end of Capitalism.

ONE SELL DOLLAR
RECEIVABLE ON PAYMENT OF ONE MONEY DOLLAR. PAYABLE ON RECEIPT OF ONE MONEY DOLLAR.

SAMPLE SELL DOLLAR.

We will assume sell money already to be in circulation, side by side with regular or buy money—the sell money being issued only in *non-fractional* denominations, and *not being required to be given in return for the fractional portion of a dollar in any money payment.*

Buying any article, the seller would now have to give me not only the article I had purchased, but along with it, *one sell dollar for each money dollar I had paid him.*

Paying twenty dollars for a coat, I would be given in return *both the coat and twenty sell dollars.*

When my pay envelope was handed to me,

I would have to hand over one sell dollar for each money dollar it contained.

So it would be, wherever I went. If I took in money, I would have to give out sell money; and if I paid out any money, I would be given sell money.

When I had little money left, I would have much sell money on hand; and if I acquired much money, I would have the less of sell money. As soon as I ran out of my sell money, I would be able to take in no more money. I would now have to begin over by renewing my sell money supply—by spending money—or else stop taking in any more money. I could never hereafter secure a *loanable* surplus of money. My stock of sell money would *limit* the amount of money I could at any time acquire.

Everybody's position would be the same as mine. Nobody would be able to hoard money.

The same would also be true of all business enterprises. They also would be circumscribed. They would all have to spend what they formerly had put into capital. And they would have to spend it as rapidly as they wished to take in money.

The sell money would be as much in demand

as the regular or buy money. It would be needed in order to keep on taking in money.

People would thereafter be as anxious to buy as to sell, and there would be no more repressed energies and industrial crises to disturb and demoralize industry.

There would now be both work and wages for all, such as would tempt the most chronic idler to cultivate the work habit. Nor would there longer be difficulty in getting work; for a large choice of jobs would always be available to select from. The merchant would have orders for goods coming in faster than he could secure them; and the factory would be running on advance orders beyond its power to fill. Every additional man would mean so much additional business for the factory.

The toiler would now rise out of the dust of his outcast status; and the submerged tenth, neck deep in the mires of demoralization and degeneracy, would begin to recover the paralyzed energies of muscle and of mind—the vagabond, the criminal, the debtor, the hireling and the tenant, all passing through a wonderful metamorphosis, to emerge as unencumbered proprietors, non-tributary and free.

The restrictions of Proprietarism would curb

the madness of our wildcat Commercialism—its perpetual pinch of starvation mania; its horrid fits of industrial depression; its detestable trade hunger wars; and its thousand and one forms of veneered barbarism.

All the previous glut of wares clogging the avenues of trade, and dallying there at a frightful cost to the famished consumer, would now appear in the overflowing abundance of joyous, cheerful homes—a tangible reminder of the transition to Proprietarism, or *reciprocal* Monetarism.

The fundamental integrity of Proprietarism, and its marvelous power, would now be voiced in every fiber and in every aspect of social life—upon all sides expelling the false, the pretentious, the distorted and the incongruous developments of unbridled Monetarism. It would carry into the home a new atmosphere—invigorating, uplifting, upbuilding—an atmosphere opening the heart and broadening the mind of man.

INTRODUCTION OF SELL MONEY

Preliminary to the introduction of sell money, a special census would be taken, designed to provide the basis for a *free* issue of the initial or proprietary supply.

In this free distribution, a uniform quantity would be given to each adult, with a smaller quantity added for each minor in the family. A limited quantity, also, on an approved basis, would be issued to business concerns, including agricultural proprietors. None, however, would be issued on property or capital—the basis of the distribution being wholly personal and commercial.

Persons desiring more sell money than allotted to them, would be enabled to secure more by purchase from the government at a price, we will say, of fifty cents in money for each sell dollar. A dated receipt accompanying each purchase would enable the purchaser to have them redeemed by the government at the same figure, less about one-half per cent per month for the time elapsed since their purchase.

Since no fractional sell money would be used, and the payer of fractional money would receive none in return, *his disadvantage would be offset by a reduction in the price of fractional money,* which the government would sell at THREE *of the fractional for* TWO *of the non-fractional dollars.* The fractional money would be made legal tender only in fractional amounts,

though receivable in any quantity by the government at its fractional value.

With these provisions, and such others as might at any time be found necessary or advisable, trade would be readily able to adapt itself to varying seasons and exigencies—the cost of sell money being made such as to debar its use for acquiring permanent money hoards.

PROPERTY CONSERVATION

As one of its provisions, the code of Proprietarism would call for the creation of a bureau to supervise the conservation of wealth and resources—one branch of which would deal with the acquisition and conservation of proprietary wealth, acting as custodian of the funds to be set aside from wages for this purpose. The bureau would assist in furthering the organization of co-operative associations and their acquisition of proprietary wealth, both home and industrial properties. It would do much in helping to secure the best plans for regulating different kinds of enterprises and disseminating all helpful information to persons contemplating such undertakings.

Only *actual* operatives in either commercial or industrial enterprises, whether engaged in mental or manual labor, and only *actual* occupants of their properties, would be eligible to own stock in these proprietary associations; and that only in proportion to their part therein, unless the members of the association chose another basis.

Original issues of stock would be valued by the cost of the investment; but the real value would depend upon the judgment displayed in making the investment, and on the ability with which its affairs were managed. The abler its managers, and the better the support given them by its operatives, the larger a proprietary wage will it be able to pay for work, as compared with other establishments of the same kind; or the better will be its service to home occupants, as the case might be.

It should be borne in mind that every enterprise is much like a great machine that can make a larger or a smaller output with the same labor, according the degree in which its parts are adapted to the work for which it is designed.

The best managed concerns will therefore be besieged with demands for admission, and their

stocks will rise *above* the par of its cost; while poorly managed concerns will repel membership, and their stock will fall *below* the par of its cost.

While shares of stock would be debarred from speculative transfer, they would be transferable to a successor—seller and buyer adjusting between themselves the price to be paid. The amount paid would only be transferred from the buyer's to the seller's proprietary reserve account. The account itself would be treated as an inalienable property—one to be handed down from generation to generation, to be at all times ready to be applied for the reconstruction of plants when needing it, and always having the form of part property, and part fund covering the value loss occasioned by wear. Only the excess, when stock was sold above par, would be turned over to the seller.

Every establishment would thus be put on its merits, and every member of these associations would be interested in its success, with this advantage over any government-owned properties, or any owned by speculative stockholders, that its regulation would be in the hands of those best informed regarding the nature and wants of the business and also in

closest touch with its affairs. These men would be best qualified to choose managers and to co-operate with them.

The code of Proprietarism would also provide for a commercial bureau to supply such additional regulations as Proprietarism would need, much of which would be for services at present rendered by banks. The code would also define the limits permissible in the giving of credits, distinguishing between those conflicting with the aims of Proprietarism and those that do not—such as the credits that might be given to purchasers of enterprises for use as proprietary properties, who would be allowed to make payments at regular intervals until the end of the decade allotted for the dissipation of capital. Among the permissible credits would also be such as were involved in the prepayment of goods, and such as might be needed to cover unforeseen emergencies.

With these provisions for Proprietarism duly inaugurated, the further development of the system could well be left to the work of ordinary evolution. It would never stop growing and would never reach what might be called

a *final* stage. Monetarism is an organic system; and Proprietarism is only Monetarism made *reciprocal.*

While Proprietarism is capable of extension to world-wide dimensions, it is also capable of trial on national and even smaller proportions, trading with the world at large through gold and retaining for its domestic circulation a paper money supplemented with sell money. With its properties made inalienable, its value standards would not be imposed on, whether they rose above or fell below those prevailing abroad.

CHAPTER II

Transitional Proprietarism

There would be no scantily equipped and no needlessly duplicated establishments under the New Order, such as characterize our topsy turvy Commercialism. Its dispositions would all tend to harmony as well as to justice and efficiency.

In diverting capital to proprietary wealth; and in diverting what had gone into interest profits to the toiler's wage, a handsome margin would be left to enable the toiler to enjoy a better living and to have more liberal hours for leisure; while acquiring the proprietary status by which, within the decade of transition, to supplant the capitalist.

A vast ocean of human energies formerly repressed and applied in non-productive and destructive pursuits, would also now be liberated and diverted into channels of usefulness.

So attractive would office, shop and factory now become, so liberal their conditions, and so large their wage, as to draw into them all the great surplusage of help wearing itself out

in the useless superfluity of commercial establishments. Economic law would forbid this wastage of human effort.

Woman also would now be in greater demand in the better provided homes of Proprietarism—not as servants of the rich, but as members of flourishing households and as wives and mothers. The prosperous offices, stores and shops, as well as factories, would all be constantly hungering for help, and serving as her refuge in the last extreme—going far toward elevating her status as an independent person. It would give to her a greater influence upon man, making for the elevation of both sexes.

THE PROPRIETARY HOME

The proprietary home would usually be one of a large number, jointly owned and occupied by the members of a home-owning association, and managed by officers chosen by its members. A monthly wear tax would be drawn from each member's wage in place of rent—a much smaller sum than present rents. This would be placed in a building reserve fund, to enable ultimate reconstruction when needed. If the home had not yet been fully paid for, an ac-

quisition tax would also be levied, until all delinquencies had been met.

Each member of these associations would be a stockholder, and the stock would represent the buildings together with the reserve fund covering the loss of value incurred by the wear of the buildings. An agent chosen by the members would supervise the buildings, dealing with members individually in the allotment of quarters and fixing of rates. It would always take two to make a bargain. Members removing or withdrawing from the association would always be able to have the money in their reserve account transferred to that of the association they afterwards joined, while the balance of their equity in stock would be subject to sale to a successor. As the stock bore no relation to any particular quarters, it would be far more readily salable than a detached home under present conditions; and removals would involve little risk of loss.

With an overwhelming demand for labor constantly in force at full-value wages; with the household amply equipped and liberally furnished throughout, and stored with a superabundance of supplies for table and wardrobe—all that had previously glutted warehouses and

storeshelves—and with every form of disability guarded against through government insurance compulsorily administered; the new hearth would resound with a mirth and cheer like that of carefree childhood. It would be a new life—the golden age restored, but on a far higher plane.

NEW ORDER CRITERIONS

As one of the first results of the overwhelming demand in force under Proprietarism, the former overstock of wares in the warehouses and on the storeshelves of the merchant would begin rapidly to dwindle, absorbed into the households of the people; and this decline would go on until more and more sales would have to be made from samples and catalogues, in the form of advance orders, largely prepaid for the sake of the sell money that prepayments would command and also for precedence in having orders attended to.

The previous order in mercantile affairs would now be *reversed.* What had formerly been the *surplus* stock of the merchant would now be reduced to a *famine* stock, while the former famine in the household would be replaced

with a great superabundance. On the one side the merchant would face a famine stock of wares, and on the other a glut of advance orders. With his famine stock, he could no longer lord it over the producer; nor with the superabundance in the households, could he dictate the prices buyers were to pay. The cost of middleman extravagance could no longer be imposed on others.

Not the quantity of *orders* he had, but the quantity of *goods* he could obtain, would now gauge the amount of business he could do; and this quantity would depend entirely on putting every spare dollar into the prices he offered for the goods. Every dollar diverted into means for attracting trade would leave so much less to offer for goods and would *impair* his ability to secure them.

Nor would the merchant ever again amass an overstock of wares. He would not wish to suffer the loss from the steady decline in their value that material progress would constantly produce—a decline no longer to be counteracted by the rise caused as the result of increasing interest profits. All material productions would be similarly affected, making speculation in them a certain loss.

The manufacturer would also now have to put every spare dollar into the wages he offered for work; for every man he failed to secure or hold would mean so much less business. With advance orders already a glut, what sense were there in making further expenditures to secure more of them?

So long as consumers, as a class, were forced to live from hand to mouth, and to largely depend upon credit; and so long as chronic trade congestion kept a large supply of productions at the disposal of every intervening huckster, peddler or petty merchant; and so long as the greater merchants exacted enormous profit margins, the field between producer and consumer was naturally filled with a great superfluity of middlemen, making the cost of transferring wares from producer to consumer inordinately high.

With consumers, however, under Proprietarism, able to buy in liberal quantities, and to pay cash or prepay; and with the monopoly power of the larger merchants eradicated, while the smaller ones were unable to pay the prices necessary to secure wares, trade between both farm and factory and the fireside would be

more direct and served at a trifling cost, to the mutual benefit of both producer and consumer.

The producer in all lines and branches of effort would now net far larger returns than ever before, while able, as consumer, to obtain for his money far more than ever. Each individual would profit *both* as producer and as consumer.

On the farm or at the forge; in every vocation, whether in a profession, at a trade, or in common labor; whether delving in the bowels of the earth; whether plying vessels over the deep, or speeding traffic over the iron rails, the magic of Proprietarism would touch all industries and all toilers with its prosperity.

CO-OPERATIVE ENTERPRISES

Co-operative undertakings will, under the new conditions, be far less hazardous and much more successful than such are at the present time.

Every step will be on a superior footing, from obtaining the necessary funds to their permanent operation.

In ordinary mercantile concerns, the quantity of stock to be carried will be trivial, requiring

fewer equipments and occupying much less floor space; and the cost of handling, shelf wear and insurance will also be insignificant. Store rents also, owing to the reduced number of stores, would drop to very low rates; while outlays for attracting trade would now be unnecessary. There would be no risks to assume by giving credits or costs incurred for collections, since all trade would now be for cash or by prepayments. Average sales would also be larger, and a large trade be done through advance orders. Few obstacles will there consequently be to the successful operation of co-operative mercantile establishments.

Similar advantages would also largely attend the undertaking of manufacturing enterprises. In these also, cash payments, prepaid advance orders, and the rapid movement of productions from source to destination would combine to reduce the quantity of operative wealth needed in any undertaking. Nor, with the large margin of acquisition incorporated in the new wage, would toilers encounter any difficulty in launching or acquiring enterprises of the largest magnitude. Immune from the wrecking influences of recurrent industrial crises; and favored with an overwhelming, continuous and reliable de-

mand for productions, in place of the former congestion; there would be no necessity to plunge into wild and hazardous adventures. Nor would they be harassed with the former difficulties of getting trade—one of the hardest nuts the business man had to crack. Where progress demanded the assumption of hazards, governments would co-operate.

Enterprises of every description would now be in the market, to be acquired at the buyer's own figures and on his own terms—the owners glad to accept pay in monthly installments until the close of the transition decade. They will be dependent on these monthly payments to live on, since no longer able to command the former interest profits.

The larger the enterprise, the greater will be the volume of its former interest profits, now to pass into wages and become available for acquiring proprietorship.

All the manifold trickeries of trade, which had attained their worst and foulest form in politics and diplomacy, would now be supplanted by open candor and truthfulness. A superior class of men would enter these fields, whose standard would become one of rectitude rather than deceit and self-seeking. The enormous

profit margins that had been the feeding trough of the swine of political and commercial graft, would be a thing of the past.

A GENERAL RE-ALIGNMENT

Deprived of his former excessive profit margins, the manufacturer would no longer scour the world with his troops of costly salesmen. He would confine his efforts to the trade of his immediate vicinity; and the fact that his distant rivals were compelled to do the same, keeping out of his territory, would result in giving him a more solid trade at his door, of less cost to serve and retain.

With further land speculation also debarred by the previously mentioned restrictions of Proprietarism, the holder of surplus lands would at once begin to dispose of them in small tracts and at a low figure, so as to realize on them before the end of the transition decade made this impossible. Land values would therefore begin a gradual decline, the effect of which would be to develop a closer contiguity of settlement in all localities of good soil and proximity to markets; and special legislation could still further perfect the most wholesome contiguity of settlement.

The present maldistribution of population would be gradually remedied by diversion of people from both isolated and congested sections, and by the development of many districts through the location of manufacturing plants at points more contiguous to the territory they are to serve. This transmigration would continue until the urban geography of the earth was rewritten, making marvelous transformations. The deflation of land values would restore a normal distribution of population.

The decline in value of both residence and business lots in the cities would also remove a mighty obstacle to the readaptation of cities to modern requirements—a crying need of the times. The coming city will have to be one in which the pedestrian will not have to place his life in jeopardy every time he steps out of doors. It will have to be intersected with wide, parked streets to serve as fire breaks as well as safe play grounds and shady harbors of rest. Its public buildings and places of assemblage will have to be detached on all sides, admitting of light, and ventilation, as well as of safe exit. Its buildings should, moroever, be so aligned as to be readily accessible to car

lines serving as carriers of all freights and parcels, as well as of passengers.

The power of wealth would no longer determine vocations; and all positions, from the lowest to the highest, would become the prizes of merit. Neither the rich and their kin, nor those who are subservient to them, would be able to secure the pick of positions and vocations, leaving the many to grub among the leavings. A higher standard of efficiency would inevitably result, and a superior manhood and womanhood.

With press and pulpit no longer dependent on the patronage of the wealthy and of capitalistic commercial enterprises, and backed by the support of a prosperous laity, these institutions would be emancipated from an influence of doubtful good. The autocracy of wealth would cease to usurp the voice and the powers of the people.

GOVERNMENT UNDER PROPRIETARISM

It is quite obvious that the wholesome diffusion of wealth under Proprietarism will evolve a superior representation of the people in the bodies chosen for this purpose.

Its candidates for office will not have to be backed with plutocratic funds, nor have such funds to contend against. Nor would they have to compete against men whose expected grafts enabled them to outbid honest candidates. The passing of large gross profit margins would also carry with it the passing of the political grafter. Plutocracy itself will be passing, and the last vestige of Capitalism will rapidly fade into a reminiscence.

With the fat dried out of government patronage, officials will be able to give their undivided attention to their duties, no longer hampered by the usurping will of the men behind the throne. A better and an abler class of men will find their way into office, and better work will be accomplished.

Poverty would no longer close the eyes or bind the hand of the new government. It would take under its sheltering wing all persons suffering from disabilities, and see that all dependent persons were duly cared for. Even the indigent and the chronic evil doers would be placed under its wardship as a class for whose deplorable condition society is not wholly irresponsible. It would as far as possible endeavor to raise their standard of manhood and womanhood.

The new government would burden itself with no tasks that could reasonably be expected to be performed as well or better through private enterprise, reserving its powers for those tasks that could only be efficiently performed by the government.

The political government would supplement the play of economic forces, holding them in proper check, so as to maintain both an unimpaired reciprocalism and an irreproachable proprietary status; and also providing for all those works necessary to enlightenment and progress which the ordinary play of supply and demand, even under Proprietarism, might leave neglected.

The transition decade over, provision would be made to supply each member of the rising generation with an outfit of proprietary wealth—the proprietary status—as his due inheritance, making this wealth inalienable—a heritage to be handed down from generation to generation, and reverting to the state after the individual ceases to have need of it.

In its attitude to other nations, the proprietary government would not tolerate its own people to acquire or own any property abroad, nor allow people of other lands to own or acquire any of its properties. A strict industrial auton-

omy would be enforced, and its influence in all international movements would be bent toward maintaining such autonomy in all countries. It would do all in its power to help in lifting the world out of the industrial feudalism in which it is still engulfed.

CONCLUSION

In Capitalism, once unmasked, we see only a licensed diversion of money from its normal channels of circulation, and of wealth from its normal uses, so as to halt industry for "its money or its life."

When the truth is told, Capitalism is nothing less than a legalized form of robbery.

Will society continue to shield this outrage?

Can it afford to tolerate this pernicious violation of fundamental law?

Can it allow Monetarism to remain *unreciprocal?*

In Monetarism we have the *permanent* part of our industrial system. Society is asked to *perfect,* not to discard it. Its defects are too glaring and too frightful to be longer overlooked, now that their remedy is in reach. Their remedy is, in fact, far less hazardous than

further tolerance of unbridled Monetarism. Conservatism itself must cry for the needed change. A return to either Barterism, or to any form of Collectivism, even though it evaded Capitalism, is unthinkable. The way out of the mire must not lead deeper into it. No retrogressive step should be taken, nor blind experiment made. Forward, not backward, must be the march of industrial empire.

Proprietarism is the logical goal of industrial evolution. It is a step forward from crude, unbridled Monetarism, to its perfected form, in which reciprocal buying is to be enforced and a proprietary status maintained, protecting property not only against physical, but also against economic violence. Until planted upon this foundation, political democracy will remain an empty delusion, and peace on earth a hopeless dream. Along the road to Proprietarism lies the pathway of man's industrial destiny.

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For more than forty centuries has the Nero of Capitalism held the world in awe; for more than forty centuries has this gilded monster alternately primped and gorged, in the delirium of a madman's dream; for more than forty

centuries has he kept the toilers of this earth wandering amid the horrors of the desert of want, suffering the agonies of a living death.

We can now see the silver line that marks the desert's edge. Beyond shines the land of promise: the golden age, in which no man's birthright will be alienated, and none suffered to lose his place in the workshop of the world; in which none will sweat under the yoke of a tributary bondage, or eat the bitter bread of soul-destroying charity.

Are you prepared, comrades in toil, to cross this line? Or shall you go on licking the hand that flays us?

How long shall our frail bodies be made the sport of war, to feed the lust of the capitalistic Moloch? How long are we to have our wives widowed and our children orphaned, to gratify the insatiable wealth hunger of this beast?

And you that are capitalists, now that you can no longer plead ignorance, have you sunk so low as still to demand the retention of this privileged robbery? Can you deny the justice or the practicability of Proprietarism, and the liberality of the terms it offers you?

Few of you, indeed, will have the effrontery to oppose so necessary a movement or to resist so just a claim for restitution. You cannot refuse to pay the debt of repudiated buying your capital represents. Your own wisdom, if not your conscience, must teach you which course to pursue. There is but one way that is right, and that you must choose. You must fall in line, helping to make the adoption and inauguration of Proprietarism an orderly and harmonious movement. You owe this to your fellow men. You owe it to yourselves.

THE END